

# **FISCAL NOTE**

## **SB 797 - HB 1274**

April 12, 2001

**SUMMARY OF BILL:** Establishes the *TennCare Hospital Reserve Fund*, a permanent essential access fund for reimbursement to certain hospitals that provide an above-average amount of TennCare or charity care services. Funding is to be made up of all Federal funds received based upon uncompensated care provided by public hospitals. The TennCare Bureau is to recommend a methodology for distribution of the funds. The Commissioner of Finance and Administration, with the assistance of the Comptroller, is to establish the final methodology for distribution of funds.

### **ESTIMATED FISCAL IMPACT:**

#### **Increase State Expenditures - \$138,725,000**

The estimate assumes:

- The amount of federal revenues received for certified public expenditures of public hospitals (not including state mental health institutes) for fiscal year 2002 is \$138,725,000, which would be transferred to the TennCare Hospital Reserve Fund under the provisions of the bill.
- Currently the \$138,725,000 becomes a part of the TennCare budget and is used to match federal funding for TennCare.
- Additional state appropriations in the same amount currently received for certified public expenditures would be necessary to maintain the current level of state funding or federal matching funds, estimated at \$243,200,800 would be lost from the TennCare budget.
- The Health Care Finance Administration would approve such an arrangement. It is possible that such approval would not be given.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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